



JOINT MEETING OF THE RETIREMENT BOARDS

The Employees and Fire and Police Retirement Boards met in a joint session in Meeting Room A, 2nd Floor, City Hall, 2600 Fresno Street, Fresno, California at the hour of 4:45 p.m. on the day above written.

Roll Call at 5:00 p.m.

Present for the Employees Retirement Board:

William Quick	Chair
Carla Lombardi	Vice-Chair
Frank Balekian	Member
Darrell Fifield	Member
Marvell French	Member

Present for the Fire and Police Retirement Board:

Brian Burry	Chair
Carla Lombardi	Vice-Chair
Stephen Guinn	Member
Darrell Fifield	Member
Paul Cliby	Member

- - - -

APPROVE MINUTES OF THE **JOINT
RETIREMENT BOARD** FOR NOVEMBER
5, 2003, REGULAR JOINT MEETING.

ON MOTION of Member Balekian seconded by Member French, duly carried, RESOLVED to approve the minutes of November 5, 2003, hereby approved by the following vote:

Ayes:	Quick, Lombardi, Balekian, Fifield, French
Noes:	None
Abstain:	None
Absent:	None

ON MOTION of Member Cliby seconded by Member Fifield, duly carried, RESOLVED to approve the minutes of November 5, 2003, hereby approved by the following vote:

Ayes:	Burry, Guinn, Lombardi, Fifield, Cliby
Noes:	None
Abstain:	None
Absent:	None

- - - -

APPROVE AGENDA OF DECEMBER 18,
2003

ON MOTION of Member French seconded by Member Balekian, duly carried, RESOLVED to approve the agenda of November 5, 2003, hereby approved by the following vote:

Ayes: Quick, Lombardi, Balekian, Fifield, French
Noes: None
Abstain: None
Absent: None

ON MOTION of Member Cliby seconded by Member Guinn, duly carried, RESOLVED to approve the agenda of November 5, 2003, hereby approved by the following vote:

Ayes: Burry, Guinn, Lombardi, Fifield, Cliby
Noes: None
Abstain: None
Absent: None

- - - -

TIMED SCHEDULED HEARINGS AND MATTERS

4:45 PM
REVIEW WITH ANDY PAULDEN OF
BROWN ARMSTRONG ACCOUNTANCY
CORPORATION AND ACCEPT THE
COMPREHENSIVE ANNUAL FINANCIAL
REPORTS (CAFR) FOR THE FISCAL YEARS
ENDED JUNE 30, 2003 AND 2002 AND
AUTHORIZE THE DISTRIBUTION OF THE
REPORTS

Chair Quick stated it was time to proceed with today's hearing.

Andy Paulden, partner of Brown Armstrong Accountancy Corporation, presented the results of their audit of the Systems for the year ending June 30, 2003 and summarized the process, the significant audit areas that were conducted, the audit reports and a brief overview of the financial statements. Discussion followed with Mr. Paulden and Administrator McDivitt responding to comments from Member Lombardi and a request for clarification from Member Balekian. In response, Administrator McDivitt referred to GASB reporting and securities lending requirements and Mr. Paulden is directed to report back to the Retirement Board to clarify Member Balekian's concerns.

Upon call and hearing no further comment or objections, Chair Quick entertains a motion to accept reports as presented and authorize distribution.

ON MOTION of Member Balekian seconded by Member French, duly carried, RESOLVED to approve the comprehensive annual financial reports for the fiscal years ended June 30, 2003 and 2002 and authorized the distribution of the reports, hereby approved by the following vote:

Ayes: Quick, Lombardi, Balekian, Fifield, French
Noes: None
Abstain: None
Absent: None

ON MOTION of Member Cliby seconded by Member Guinn, duly carried, RESOLVED to approve the comprehensive annual financial reports for the fiscal years ended June 30, 2003 and 2002 and authorized the distribution of the reports, hereby approved by the following vote:

Ayes: Burry, Guinn, Lombardi, Fifield, Cliby
Noes: None
Abstain: None
Absent: None

CONSENT CALENDAR

CONFIRM DATE AND TIME FOR THE NEXT
REGULAR JOINT MEETING OF THE
RETIREMENT BOARDS SCHEDULED FOR
2:15 P.M. ON JANUARY 14, 2004, FRESNO
CITY HALL, 2600 FRESNO STREET,
MEETING ROOM 2165-A

CONFIRM DATE AND TIME FOR THE NEXT
INVESTMENT COMMITTEE MEETING
SCHEDULED FOR 8:30 A.M. TO 1:30 P.M.
ON JANUARY 15, 2004 TO BE HELD IN
MEETING ROOM 2165-A

RESCHEDULE AND CONFIRM DATE AND
TIME FOR THE NEXT ADMINISTRATIVE
COMMITTEE MEETING FOR DECEMBER
2003

Administrator McDivitt recommends that due to the conflicting schedules and the upcoming holiday, that the Administrative Committee meeting in December be laid over until the regular meeting in January 2004.

APPROVE MONTHLY BUDGET REPORT OF
THE RETIREMENT ADMINISTRATIVE
OFFICE FOR OCTOBER 2003

ON MOTION of Member Balekian seconded by Member French, duly carried, RESOLVED to approve the consent calendar, hereby approved by the following vote:

Ayes: Quick, Lombardi, Balekian, Fifield, French
Noes: None
Abstain: None
Absent: None

ON MOTION of Member Cliby seconded by Member Guinn, duly carried, RESOLVED to approve the consent calendar, hereby approved by the following vote:

Ayes: Burry, Guinn, Lombardi, Fifield, Cliby
Noes: None
Abstain: None
Absent: None

EMPLOYEE PERSONNEL ISSUES

None.

STAFF INITIATED ITEMS

None.

BOARD INITIATED ITEMS

CONSIDER ANNUAL NOTICE TO THE
EMPLOYEE BARGAINING GROUPS AND
AUTHORIZE DISTRIBUTION

Administrator McDivitt summaries the issue and reviews the recommendation of the Administrative Committee

ON MOTION of Member Balekian seconded by Member French, duly carried, RESOLVED to approve the annual notice to the employee bargaining groups and authorize distribution, hereby approved by the following vote:

Ayes: Quick, Lombardi, Balekian, Fifield, French
Noes: None
Abstain: None
Absent: None

ON MOTION of Member Cliby seconded by Member Lombardi, duly carried, RESOLVED to approve the annual notice to the employee bargaining groups and authorize distribution, hereby approved by the following vote:

Ayes: Burry, Fifield, Cliby, Guinn, Lombardi
Noes: None
Abstain: None
Absent: None

CONSIDER RECOMMENDATION FROM THE
INVESTMENT COMMITTEE TO ADOPT
THE PROPOSED SECURITIES LITIGATION
POLICY AND DIRECTION TO STAFF TO
ISSUE A REQUEST FOR PROPOSALS FOR
SECURITIES LITIGATION MONITORING
SERVICES

Russ Richeda, the Board's legal counsel outlined the policy as submitted. He reported that the Committee has reviewed securities litigation class actions for several months and reported the recommendation of the Investment Committee and the first step to obtain a securities litigation monitoring service would be to nail down our claims filing processing procedures with Northern Trust and at the same time to begin an RFP study to select a securities monitoring firm and the second step would be research the issues to select a plaintiff securities litigation law firm to either assist the Board in the review process and/or to actively monitor cases, or serve as class attorney where we attempt to be lead plaintiff or part of a team of Systems in a securities class action litigation and the only decision today is to approve the policy as submitted and direct staff and legal counsel to issue an RFP for securities litigation monitoring service.

ON MOTION of Member Balekian seconded by Member Lombardi, duly carried, RESOLVED to adopt the proposed securities litigation policy and direct staff to issue a request for proposals for securities litigation monitoring services , hereby approved by the following vote:

Ayes: Quick, Lombardi, Balekian, Fifield, French
Noes: None
Abstain: None
Absent: None

ON MOTION of Member Cliby seconded by Member Guinn, duly carried, RESOLVED to adopt the proposed securities litigation policy and direct staff to issue a request for proposals for securities litigation monitoring services, hereby approved by the following vote:

Ayes: Burry, Fifield, Cliby, Guinn, Lombardi
Noes: None
Abstain: None
Absent: None

- - - -

CONSIDER RECOMMENDATION FROM THE
INVESTMENT COMMITTEE TO HIRE
KALMAR INVESTMENTS AND EMERALD
ADVISORS AS DOMESTIC SMALL CAP
EQUITY GROWTH PORTFOLIO MANAGERS
AND TERMINATE DUNCAN HURST
CAPITAL MANAGEMENT

Administrator McDivitt reviewed the recommendation of the Due Diligence Team and the Investment Committee and outlined the transition and contract issues recommended by staff, Investment Consultant, BGI and Northern Trust.

Member Balekian expressed concern regarding the liquidation of Duncan Hurst, requested clarification, and requested a report of what transpires in the liquidation.

ON MOTION of Member Lombardi seconded by Member French, duly carried, RESOLVED to hire Kalmar Investments and Emerald Advisors as domestic small cap equity growth portfolio managers and terminate Duncan Hurst Capital Management, hereby approved by the following vote:

Ayes: Quick, Lombardi, Fifield, French
Noes: None
Abstain: Balekian
Absent: None

ON MOTION of Member Guinn seconded by Member Cliby, duly carried, RESOLVED to hire Kalmar Investments and Emerald Advisors as domestic small cap equity growth portfolio managers and terminate Duncan Hurst Capital Management, hereby approved by the following vote:

Ayes: Burry, Fifield, Cliby, Guinn, Lombardi
Noes: None
Abstain: None
Absent: None

- - - -

GENERAL DISCUSSION

REPORT FROM THE RETIREMENT
ADMINISTRATOR ON RETIREMENT
PROJECTS AND COMMITTEE ACTION
AGENDAS

Administrator McDivitt reports the completion of several projects, actuarial studies, CAFRS, small cap growth search, and completion of the custodial reconciliation, moving forward on an enhanced equity index manager search followed by a high-yield search, brief update and timeline regarding 2828 Fresno Street.

- - - -

INFORMATION ONLY ITEMS

Fresno City Employees Health and Welfare
Trust for the Regular Board meeting dated
November 12, 2003 and Minutes of the
Regular Board meeting dated October 8,
2003.

Received.

- - - -

LEGAL UPDATES: 1) UNIFORMED
SERVICES EMPLOYMENT AND
REEMPLOYMENT RIGHTS; 2) HR 1231;
3) GOVERNMENT PENSION OFFSET (GPO)
AND WINDFALL ELIMINATION PROVISION
(WEP); 4) IRS ADJUSTMENTS; 5) DROP
(SB 274); 6) MEDINA V. LACERA
(OCTOBER 20, 2003); 7) HOWARD JARVIS
TAXPAYERS ASSN. V. ORANGE COUNTY

Received.

- - - -

2003 SEGAL STATE HEALTH BENEFITS
SURVEY

Received.

- - - -

NOTICE OF CALAPRS STANFORD TRUSTEE
TRAINING, "PRINCIPLES OF PENSION
MANAGEMENT FOR 2004"

Received.

- - - -

DROP UPDATE (1937 ACT RETIREMENT
SYSTEMS)

Received

- - - -

UNSCHEDULED ORAL COMMUNICATIONS

None.

·
- - - -

PROPOSED AGENDA ITEMS FOR NEXT BOARD MEETING

None.

·
- - - -

PUBLIC COMMENTS

None.

·
- - - -

ADJOURNMENT – 5:31 p.m.

There being no further business to bring before the Board, and hearing no objections, the Chairs declare the Joint Retirement Board regular meeting adjourned.

Brian Burry, Chair
Fire and Police Retirement Board

William Quick, Chair
Employees Retirement Board

Retirement Board Secretary/Deputy